



Date: August 15, 2016

To: Thomas J. Bonfield, City Manager

Through: W. Bowman Ferguson, Deputy City Manager

From: Steven W. Hicks, Director, General Services Department

Subject: Downtown Parking Garage Project Construction Manager at Risk (CMAR) Contract for Preconstruction Services with Balfour Beatty Construction, LLC

Executive Summary

In February of 2016 a Request for Qualifications (RFQ) was advertised for Construction Manager at Risk Services for the coordination and construction of the new Downtown Parking Garage Project. The proposed location of the new garage is at the site of the existing City surface lot #14 along West Morgan Street between Rigsbee Avenue and North Mangum Street. The initial program advertised for the facility was a mixed use garage with approximately (750-800) parking spaces containing 15-20,000 SF of commercial/retail space and 5000 SF of a centralized parking office space. An RFQ pre-submittal conference was held on March 2, 2016 and written submittals were received March 18, 2016. CMAR teams were shortlisted and interviewed on April 22, 2016 and from that process the Balfour Beatty team was determined to be the top ranked firm. On May 6, 2016 City Staff received approval from City Council to proceed with the project with the additional design services deliverable of an alternative concept design and cost model that adds affordable housing for City Council consideration. Contract and fee negotiations have been ongoing since. This agenda item requests City Council approval for preconstruction services with Balfour Beatty Construction for the coordination and construction of the new Downtown Parking Garage Project.

Recommendation

The Department of General Services recommends that the City Council:

1. Adopt the resolution finding that the use of construction manager at risk services is in the best interest of the Downtown Parking Garage Project pursuant to G.S. 143-128.1(e).
2. Authorize the City Manager to negotiate and execute a CMAR contract with Balfour Beatty Construction, LLC for preconstruction services for the Downtown Parking Garage project in the lump sum amount of \$115,000.00.

Background

In 2013, the City of Durham, under contract with Kimley-Horn, conducted a Comprehensive Parking Study of the existing parking system to be in a position to provide an improved experience to those that work, visit and live in Durham.

To meet future parking demand in the Downtown area, the Parking Study identified the need for a new City-owned parking garage. During the Comprehensive Parking Study, two sites for potential garages were identified within the Downtown Loop to meet the demand. In the Study, it was recommended that for planning purposes, revenues associated with a potential new City-owned parking garage were estimated and projected.

Urban Design Studio – January 2014

To engage Downtown stakeholders and to receive their input regarding considerations for a new Downtown parking garage, City Staff collaborated with Downtown Durham, Inc., and the City-County Planning Department to hold an Urban Design Studio charrette in January 2014. The purpose of this community engagement exercise was for the public to help create a vision for redevelopment of the public parking lots along the south side of Morgan Street between Mangum and Holland streets. Charrette participant's feedback defined important design and functional characteristics for possible future parking structures at those sites. The event engaged stakeholders to identify and prioritize goals for redevelopment.

From this engagement exercise, we learned that the community desired that ground-level commercial/retail space be incorporated into the design to activate pedestrian activity. Also, the majority of the attendees preferred the height of the garage to not exceed 7 stories. The office component was added to the overall design scheme based on the needs of an expanded parking program that will include the Paid On-Street Parking Program and its associated operational considerations.

In keeping with the feedback from the Urban Design Studio and in consultation with Kimley-Horn, City staff selected the City surface parking lot #14 along West Morgan Street between Rigsbee Avenue and North Mangum Street as the preferred site for the new parking garage.

Site Visits

Since the City has not built a parking garage since the 1980s and as parking structures have unique characteristics that distinguish them from other buildings, City staff conducted site visits to other municipalities with mixed-use parking garages in order to learn from regional precedents. These cities included Raleigh, NC; Fayetteville, NC; Norfolk, VA; Virginia Beach, VA; Washington, DC; Spartanburg and Columbia South Carolina. The purpose of these visits was for staff to learn about industry best practices, and design considerations that were explored in the respective projects. Staff inquired about a diversity of issues, including structural engineering, feasibility and site analyses, planning and functional design elements, sustainable design, lighting, drainage, and strategies for balancing the values of aesthetics, durability and cost for maximum benefit to the City, the parking customers and the environment. The best practices and lessons learned shared by our peer cities help to frame our approach and methodology for the project.

Project Delivery Method Analysis

The General Services' Project Management Division is tasked with managing the design and construction of this project. As part of its evaluation process, General Services conducted an analysis regarding the delivery method (i.e., Design-Build (DB) and Construction Manager at

Risk (CMAR)) for the project. The analysis was project specific and included a test of the project against the General Services' criteria for the Design-Build procurement method. Further, the analysis included research of case studies, and other published documents on Design-Build versus CMAR for public construction projects; discussions with engineers and contractors who have worked on both Design-Build and CMAR parking garages; as well as discussions with a parking garage specialty contractor.

While there are merits to both Construction Manager at Risk and Design-Build delivery methods, City staff recommended CMAR as the best method for this project. The Construction Management at Risk delivery method allows the construction management firm to be selected using a qualifications based selection process; the CMAR serves as the City's fiduciary and coordinates subcontract bid packages to develop optimum competition and compliance with the City's EBOP program as well as Workforce Development program objectives; CMAR is the delivery method that most closely affords the benefits of integrated project delivery, high levels of design quality assurance, and affords the greatest opportunity for innovation as the CMAR and Design teams are involved in project development during the design and preconstruction phase as an integrated team. This allows the team to provide design and preconstruction services in the best interests of the project and as a team throughout the project lifecycle.

Kimley-Horn Feasibility Study

In February of 2016 the Transportation Department consulted with Kimley-Horn to provide a series of conceptual layouts for the proposed program of 750-850 parking spaces, 15,000-20,000 SF of ground-level commercial/retail, and at least 5,000 SF of ground floor office area. The layouts tested massing, traffic, circulation, adjacency options, and their impact on project costs. The study determined the number of parking spaces that is attainable within the available footprint, as well as options for the incorporation of commercial/retail space. In addition to developing concepts, the study identified key design components that will require further study during the next phases of design.

Overview of the RFQ Process

Request for Qualifications (RFQs) for Construction Manager at Risk Services were advertised on February 17, 2016. The RFQs included the following items:

1. Scope of services, budget and schedule were provided to guide respondent firm responses and project approach.
2. A copy of the Kimley Horn Feasibility Study was attached as an appendix which enumerated design options, density studies and had preliminary cost estimates.
3. The survey responses from the 2014 Urban Design Studio was attached as an appendix to understand the origin of the project site selection as well as the initial design tenets the project would embody and input from the public (such as including a retail component to engage the streetscape along Morgan St, a garage that looked like a building etc.)

City staff held the Pre-Proposal Conference on March 2, 2016. Proposals were received from respondent firms on March 18, 2016. Upon receipt, City staff forwarded the proposals to the Equal Opportunity and Equity Assurance (EOEA) Department for compliance determination with the City's Equal Business Opportunity Program Ordinance. Four Construction Manager at Risk proposals were deemed compliant and were distributed to members of the interdepartmental review team for evaluation. Members of the evaluation

committee independently reviewed and scored the proposals based on criteria outlined in the RFQs for Professional Services and CMAR.

The evaluation team's individual scoring sheets were compiled by General Services. The team met to discuss the cumulative RFQs and scoring results and a "shortlist" was developed of the respondent firms. Finalist interviews for the CMAR firms were held on April 18, 2016. The interview panel included: Angela Henderson (EO/EA Specialist); Jina Propst (GSD-PM Assistant Director); Henri Prosperi (GSD-PM Team Leader/Project PM); Thomas Leathers (Transportation Parking System Management); Fleming Talton (Transportation Asst. Manager for Technology & Special Projects) and Harmon Crutchfield (Transportation-Interim Director). Scoring results and averaging from interviews area as follows:

Ranking for CMAR Firms

1. Balfour Beatty/Right Build
2. Lend Lease
3. Barnhill/DA Everett

Following the interviews, City Staff prepared an update to the City Council and was asked to investigate additional program to include an affordable housing component. On May 6, 2016 City Staff received approval from City Council to proceed with the project with the additional design services deliverable of additional concept designs that include an affordable housing component, associated additional parking and cost models for City Council consideration.

Staff notified the firms of the ranking results and that Staff was proceeding with fee negotiations with the top ranked firm. Firms were notified that should negotiations be unsuccessful, Staff would move to the number 2 ranked firm. Thereafter, Staff received draft fee proposals from Balfour Beatty. Multiple meetings and negotiations regarding fee, scope of services and contract terms has been ongoing, as well as other pre- contract meetings and planning.

The CMAR team is as follows:

1. Balfour Beatty Construction, LLC, Raleigh, NC-Construction Manager at Risk
2. Right Build International (aka Davis Technical Staffing)

Issues/Analysis

As described above, Construction Management at Risk delivery method has been recommended as the delivery method that is in the best interest of the Project. Negotiations with the CMAR- Balfour Beatty, has resulted in a lump sum fee for preconstruction services as further described in attached construction management contract in the amount of \$115,000. The preconstruction services include, but are not limited to, cost estimating, constructability review, logistics, phasing, scheduling, and other services coordinated and provided in conjunction with services provided by the Designer. The preconstruction phase is scheduled to be 12 months in duration, resulting in presentation of a Preliminary Guaranteed Maximum Price (PGMP) to City Council for approval in order to authorize bidding, followed by execution of a final Guaranteed Maximum Price (GMP) and contract amendment for construction phase services. The PGMP will be prepared and submitted to City Council for authorization and approval. The construction management fee during construction phase will be negotiated as a percentage of final construction cost of work plus contract compliance costs, currently estimated at \$18,000,000. Contract compliance costs consist of general conditions required for the construction phase, bonds, and insurance. The contract compliance costs are subject to change dependent upon final design, subcontract cost of

work and schedule; although it is the CMAR's responsibility to present a Guaranteed Maximum Price (GMP) for acceptance within the Owner's budget. The construction phase for the project is estimated to be 12 months in duration. Balfour Beatty has developed and entered into a Underutilized Business Enterprise Strategic Plan with the City of Durham's Equal Opportunity/ Equity Assurance Department that is a contract exhibit and will serve as the plan for engagement with the UBE community. Balfour Beatty will coordinate with the City of Durham's Office of Economic and Workforce Development, preparation and execution of a workforce development plan that will serve as a plan for engagement with the City's workforce. That plan will be developed and submitted for approval and execution prior to issuance of a contract amendment for construction. Both plans require quarterly reporting and updates.

The Downtown Parking Garage project will require close coordination by and between the Project team, Transportation and other City departments, and community stakeholders. The integrated project approach of contracting for concurrent design and CMAR preconstruction services presents an opportunity to develop and deliver a project that achieves the goals of the end users and City-wide community.

Alternatives

Proceeding with execution of CMAR preconstruction services contract is recommended as the only viable alternative for consideration.

Financial Impacts

Revenue	4800C002/CC402				
Transportation Enterprise Fund					\$ 23,000,000.00
Expenditures	4800C002/CC402				Object Code
Professional Services-Design Team				\$ 1,854,080.00	731003
Professional Services-Geotechnical Engineer				\$ 312,000.00	731003
Professional Services-CMAR Precon				\$ 115,000.00	731003
Parking Equipment				\$ 500,000.00	
Owners Costs-Design and Construction Contingencies				\$ 1,718,920.00	
Construction Budget-GMP				<u>\$ 18,500,000.00</u>	
					\$ 23,000,000.00

UBE REQUIREMENTS

No MUBE or WUBE goals were set.

Balfour Beatty Construction will subcontract to the following certified firm:

Firm	ID	City/State	Amount	% of Contract
Right Build International, Inc.	MUBE	Morrisville, NC	TBD*	TBD*

*The actual percentage and dollar amount will be confirmed once the PGMP is finalized.

WORKFORCE STATISTICS

Workforce statistics for Balfour Beatty Construction are as follows:

Total Workforce	77	
Total Females	11	(14%)
Total Males	66	(86%)
Black Males	6	(8%)
White Males	57	(74%)
Other Males	3	(4%)
Black Females	3	(4%)
White Females	8	(10%)
Other Females	0	(0%)